

## Message Text

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PAGE 01 SEOUL 02770 062118Z

ACTION EB-08

INFO OCT-01 EUR-12 EA-07 IO-13 ISO-00 FEA-01 AGRE-00  
CEA-01 CIAE-00 COME-00 DODE-00 FRB-03 H-01 INR-07  
INT-05 L-03 LAB-04 NSAE-00 NSC-05 PA-01 AID-05  
SS-15 STR-04 ITC-01 TRSE-00 USIA-06 PRS-01 SP-02  
OMB-01 /107 W

-----062126Z 089756 /41

P R 060912Z APR 77

FM AMEMBASSY SEOUL

TO SECSTATE WASHDC PRIORITY 3083

INFO AMEMBASSY TOKYO

USMISSION GENEVA

USDEL MTN GENEVA

AMEMBASSY TAIPEI

USMISSION OECD PARIS

USMISSION EC BRUSSELS

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E.O. 11652: N/A

TAGS: ETRD KS

SUBJ: KOREAN REACTION TO PRESIDENT'S FOOTWEAR DECISION

REF: SEOUL 2659

1. EMBASSY TRANSMITTED INFORMATION ON PRESIDENT'S NON-RUBBER  
FOOTWEAR DECISION UPON RECEIPT TO MINISTRY OF COMMERCE AND  
INDUSTRY (MCI) INTERNATIONAL TRADE PROMOTION DIRECTOR NOH  
CHIN SHIK WHO IS ACCOMPANYING HIS MINISTER CHANG YIE JOON  
ON CANADIAN/US VISITS. NOH WHO HAD ALREADY BEEN INFORMED  
TELEPHONICALLY BY MINISTER YANG OF ROK EMBASSY WASHDC  
EXPRESSED RELIEF THAT THE PRESIDENT HAD MADE A MOST REASONABLE  
DECISION AND NOTED THAT CHANG WOULD DISCUSS THE QUESTION  
OF SETTING 1976 EXPORT FIGURE PLUS A 10 PERCENT GROWTH  
FACTOR AS BASIS FOR ANY ROK/US OMA.

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PAGE 02 SEOUL 02770 062118Z

2. PRESS COVERAGE HAS BEEN POSITIVE IN MAKING CLEAR THAT  
PRESIDENT, IN PROVIDING FOR EMERGENCY ADJUSTMENT  
ASSISTANCE AND TEMPORARY OMA'S, HAS AVOIDED FIXING  
FORMAL QUOTAS AS RECOMMENDED BY ITC. RECOMMENDATION  
LEVELS WOULD HAVE CAUSED EXTREME HARDSHIP IN KOREA.  
NEWS ARTICLES NOTED THAT INFORMED ROK GOVERNMENT

OFFICIAL (MR. NOH) HAD POINTED OUT THAT THE TWO SIDES WOULD HAVE TO NEGOTIATE A DISCREPANCY WHICH EXISTS BETWEEN THE 44 MILLION PAIR US ARRIVAL FIGURE FOR 1976 AND ROK SHIPMENT FIGURE OF 52 MILLION PAIRS FOR 1976. LATER NEWS REPORTS NOTE THAT CONSULTATIONS BEGAN BETWEEN MINISTER YANG AND STR ON MARCH 31, 1975. SEPTTEL).

3. EDITORIAL COMMENT HAS BEEN LINKED TO CURRENT US VISIT OF MINISTER CHANG AND HIGH LEVEL PRIVATE KOREAN PURCHASING MISSION NOW IN US IN STRESSING THAT PURCHASE OF US MACHINERY AND PLANT IS EXCELLENT MEANS OF OBTAINING BEST EQUIPMENT FOR NATIONAL DEVELOPMENT WHILE BALANCING US/ROK TRADE (WHICH HAS THIS YEAR BECOME FAVORABLE TO KOREA). EDITORIALISTS RECOMMEND SHIFTING SUCH IMPORTS FROM JAPAN TO US IS ALSO DESIRABLE BECAUSE HEAVY TRADE IMBALANCE IN JAPAN'S FAVOR IS DIFFICULT TO RECTIFY IN VIEW OF JAPANESE RESTRAINTS AGAINST KOREAN GOODS. CONCOMITANT FOR USG IS TO KEEP TRADE DOORS OPEN TO KOREAN PRODUCTS AND THOSE OF OTHER DEVELOPING COUNTRIES AS IT DID DURING JAPAN'S PERIOD OF NATIONAL DEVELOPMENT. RE. FOOTWEAR, 1976 RECORD PLUS GROWTH FACTOR OF 6 PERCENT WAS RECOMMENDED AS REASONABLE OMA LEVEL BY NAE OE NEWS OF APRIL 6, 1977. VISIT OF KOREAN PURCHASING MISSION IS REGARDED AS TIMELY REMINDER TO US THAT KOREA WANTS TO BUY ITS PRODUCTS EVEN THOUGH AMERICAN MANUFACTURERS HAVE NOT PUSHED HARD AND HAVE NOT HAD THE OFFICIAL EXPORT FINANCE BACKING OF THEIR COMPETITORS. LIMITED OFFICIAL USE

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PAGE 03 SEOUL 02770 062118Z

4. BUSINESS COMMUNITY AT LARGE, AND MR. OH POM SIK, EXEC. V.P. OF KOREA TRADERS ASSN, HAVE EXPRESSED RELIEF AND GRATITUDE TO EMBOFFS OVER PRESIDENT'S DECISION WHILE POINTING OUT THAT AN OMA BASED ON 1976 FIGURES IS ESSENTIAL TO AVOID GREAT HARDSHIP BECAUSE KOREA HAS BEEN, IN THE FOOTWEAR FIELD AS IN OTHERS, ON A VERY STEEP GROWTH CURVE WHERE ANY OMA BASED ON PREVIOUS YEAR INVOLVES ENORMOUS CUTBACK IN THE NEIGHBORHOOD OF 65 PERCENT. EMBOFFS HAVE STRESSED THAT WE ARE UNINSTRUCTED RE CONTENT OR LEVEL OF OMA DESIRED. SNEIDER

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## Message Attributes

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**Channel Indicators:** n/a  
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**Disposition Date:** 22 May 2009  
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**Review Markings:**  
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